



**Notice of Proposed Rule Making, ERC Case No. 2012-006 RM, In the Matter of the Petition for the Amendment of ERC Resolution No. 16 or the "Resolution Adopting Amended Rules on the Definition and Boundaries of Connection Assets for Customers or Transmission Providers - Philippine Independent Power Producers Association, Inc. (PIPPA) petitioner**

**MATRIX OF COMMENTS**

<i>Page/ Section Number</i>	<i>Discussion of Comment/s and/or Questions for Clarification</i>	<i>Suggestions / Proposed Change(s) to the Draft Revisions</i>
General Comment		As an amendment to Resolution No. 16, Series of 2011, we propose to retain all the diagrams used in Resolution No. 25, Series of 2006.
Definition of Terms		The term “point-to-point limited facilities” should be defined as a “line used to connect a power plant connection asset (switchyard) to the grid or to a load customer’s connection asset without any tapping in between”.
Justifications on why a DU should be allowed to tap directly to a power plant switchyard and bypassing the grid (1)		<p>Resolution Nos. 25 &amp; 41, Series of 2006 allow Distribution Utilities to tap Connection Assets to the switchyard of a power plant. This is likewise supported by Section 2.9.2 of the Amended DSOAR which states:</p> <p><u>“Section 2.9.2 Connection Assets and Facilities</u></p> <p>A generation company may develop and own or operate dedicated point-</p>

		<p>to-point limited facilities provided, that <u>such facilities are required only for the purpose of connecting to the distribution system</u>, and are used solely by the generating facility, subject to prior authorization by the ERC.</p> <p>The DU may likewise provide the connection facilities, provided that the generator pays the facilities and such payments are not refundable and shall be treated as a CIAC, unless otherwise provided for in the Renewable Energy Act and its Implementing Rules and Regulations. In the alternative, <u>a DU may provide the connection facilities</u> subject to connection charges mutually acceptable to the parties. The said facilities shall not form part of the DU's Regulatory Asset Base or plant in service.”</p> <p>In Resolution 25 &amp; 41, the generation company owns the switchyard to which the Connection Asset is tapped</p> <p>In Resolution 16, Transco/NGCP will own the switchyard of the power plant if a Connection Asset serving a DU is tapped to the switchyard.</p>
<p>Justifications on why a DU should be allowed to tap directly to a power plant switchyard and bypassing the grid (2)</p>		<p>There is reduction in the customers' bill through lesser Power Delivery Service charge if power delivered by the IPP is delivered directly to the Connection Assets of a DU.</p>

a. For instance, this was shown in VECO's Motion for Partial Reconsideration filed on March 23, 2010 on ERC Case No. 2009-040RC with regards the 138 kV Connection Asset. The cost of the project and its effect to the distribution charge 2012 showed an increase of PhP0.1025/kWh. However, a comparison on the transmission charges if the 105 MW from CEDC was delivered through the 138 kV connection asset or through the grid showed a decrease of PhP0.1769/kWh.

b. Offsetting the above increase and decrease shows a net decrease (net advantage to VECO's customers) of PhP0.0744/kWh.

Transmission Cost	CEDC via NGCP	CEDC embedded
NPC	107,727,927.3	107,727,927.3
CEDC	48,714,750.0	12,863,550.0
CPPC	.0	.0
Total	156,442,677.3	120,591,477.3
PFD	9,135,328.2	9,135,328.2
<b>Ave Transmission</b>	<b>0.7494</b>	<b>0.5725</b>

**Decrease in Transmission charges** **0.1769**

	P / kwh
Reduction in transmission (PDS) charges	(0.1769)
Increase in distribution charges	0.1025
<b>Net effect</b>	<b>(0.0744)</b>

c. Distribution Utilities and Electric Cooperatives should continue to construct Connection Assets and tapped directly to the switchyards of IPPs when there is economic

		and financial benefit to the customers.
Justifications on why a DU should be allowed to tap directly to a power plant switchyard and bypassing the grid (3)		In cases where a power plant is located inside the franchise area of a DU or EC, it will be very impractical for the power to go out into the grid and then delivered back to the DU when a Connection Asset can be built and power is delivered directly to the DU.